

HYUNDAI CARD CO., LTD. AND SUBSIDIARIES

**Consolidated Interim Financial Statements
September 30, 2024 and 2023**

(Unaudited)

(With Independent Auditors' Review Report Thereon)

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Independent Auditors' Review Report
(Based on a report originally issued in Korean)

To the Board of Directors and Shareholders of
Hyundai Card Co., Ltd.:

Reviewed financial statements

We have reviewed the accompanying condensed consolidated interim financial statements of Hyundai Card Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated interim statement of financial position as of September 30, 2024, the consolidated interim statements of comprehensive income for the three-month and nine-month periods ended September 30, 2024 and 2023, the consolidated interim statements of changes in equity and cash flows for the nine-month periods ended September 30, 2024 and 2023 and notes, comprising a summary of material accounting policy information and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with Korean International Financial Reporting Standards ("K-IFRS") No.1034 '*Interim Financial Reporting*', and for such internal control as management determines is necessary to enable the preparation of the condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' review responsibility

Our responsibility is to issue a report on these condensed consolidated interim financial statements based on our reviews.

We conducted our reviews in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of people responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements referred to above are not prepared, in all material respects, in accordance with K-IFRS No.1034 '*Interim Financial Reporting*'.



Other matters

The procedures and practices utilized in the Republic of Korea to review such condensed consolidated interim financial statements may differ from those generally accepted and applied in other countries.

The consolidated statement of financial position of the Group as of December 31, 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this report, were audited by us in accordance with Korean Standards on Auditing and our report thereon, dated March 8, 2024, expressed an unqualified opinion. The accompanying consolidated statement of financial position of the Group as of December 31, 2023, presented for comparative purposes, is not different from that audited by us from which it was derived in all material respects.

KPMG Samjong Accounting Corp.

KPMG Samjong Accounting Corp.

Seoul, Korea

November 12, 2024

This report is effective as of November 12, 2024, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

Hyundai Card Co., Ltd. and Subsidiaries
Consolidated Interim Statements of Financial Position
September 30, 2024 and December 31, 2023

(In Korean won)

	Notes	September 30, 2024 (Unaudited)	December 31, 2023
Assets			
Cash and cash equivalents	5,27,32,33	₩ 1,250,382,140,821	₩ 1,049,247,085,470
Deposits	5,27,32,33	133,706,965,909	77,577,698,628
Financial assets at fair value through profit or loss	6,32,33	674,345,880,871	674,898,536,094
Financial assets at fair value through other comprehensive income	6,32,33	4,552,099,893	9,358,693,684
Investments in associates	6	511,701,788	57,733,835
Derivative assets	16,31,32,33	41,715,986,042	49,291,588,900
Financial assets at amortized cost	7,29,30,32,33	21,849,381,975,242	20,763,584,348,505
Property and equipment	8,29,37	615,547,650,595	632,325,285,378
Intangible assets	9,29	128,926,144,874	132,008,880,775
Right-of-use assets	10	20,927,693,944	26,807,734,457
Net defined benefit assets	13	-	10,618,805,142
Deferred tax assets	26	156,193,975,273	130,801,641,542
Other assets	11,32,33	682,138,872,121	380,661,892,861
Assets held for sale	37	27,500,000,000	-
Total assets		₩ 25,585,831,087,373	₩ 23,937,239,925,271
Liabilities			
Borrowings	12,28,32,33	₩ 2,883,024,621,275	₩ 3,283,282,178,841
Debentures	12,28,32,33	15,055,001,904,358	13,534,091,181,316
Derivative liabilities	16,31,32,33	71,432,817,144	56,563,004,126
Lease liabilities	10,29,32,33	20,416,615,573	25,996,342,907
Current tax liabilities	26	46,949,686,953	29,927,342,869
Net defined benefit liabilities	13	7,022,493,390	5,191,554,848
Provisions	14	177,628,309,486	167,228,036,741
Other liabilities	15,29,32,33	3,280,872,764,198	3,004,488,261,480
Total liabilities		21,542,349,212,377	20,106,767,903,128
Equity			
Share capital	1,17	802,326,430,000	802,326,430,000
Reserves		57,704,443,955	57,704,443,955
Capital adjustment		-	(760,020,000)
Hybrid securities	17	299,229,940,000	159,590,030,000
Accumulated other comprehensive income	19	(13,746,331,132)	6,054,151,814
Retained earnings	18,20	2,897,967,392,173	2,805,556,986,374
Total equity		4,043,481,874,996	3,830,472,022,143
Total liabilities and equity		₩ 25,585,831,087,373	₩ 23,937,239,925,271

The above consolidated interim statements of financial position should be read in conjunction with the accompanying notes.

Hyundai Card Co., Ltd. and Subsidiaries
Consolidated Interim Statements of Comprehensive Income
Three-Month and Nine-Month Periods Ended September 30, 2024 and 2023

		Periods Ended September 30							
(In Korean won)	Notes	2024 (Unaudited)				2023 (Unaudited)			
		Three months		Nine months		Three months		Nine months	
Operating income									
Card income	21,29,32	₩	431,266,399,551	₩	1,280,569,804,340	₩	423,200,143,436	₩	1,180,649,960,289
Interest income	22,32		386,181,194,487		1,104,454,658,297		307,407,541,767		924,232,525,979
Gain on valuation and disposal of securities	32		(742,493,196)		6,523,667,918		2,692,572,839		18,182,318,529
Dividend income			26,812		20,046,712		19,900		20,039,936
Reversal of credit loss allowance	14		-		-		-		-
Other operating income	23,29,32		49,973,110,557		387,538,428,525		98,467,562,782		314,322,997,423
			866,678,238,211		2,779,106,605,792		831,767,840,724		2,437,407,842,156
Operating expenses									
Card expenses	21,29,32		252,076,570,303		741,756,270,537		229,350,267,530		676,269,190,757
Interest expenses	22,32		180,819,995,601		530,675,843,675		142,482,165,085		409,475,026,821
Selling and administrative expenses	13,24,29		206,243,243,064		612,946,793,605		191,551,410,738		591,210,565,807
Securitization expenses			686,150,389		2,403,030,542		963,590,229		3,136,074,776
Provision for credit loss allowance	7,11,14,32		147,512,925,973		418,110,161,314		127,989,175,960		302,348,682,899
Loss on valuation and disposal of securities			(706,128,434)		7,301,867,492		(1,627,858,512)		817,106,444
Other operating expenses	23,29,32		(16,575,341,098)		159,547,438,213		52,119,606,390		162,248,420,078
			770,057,415,798		2,472,741,405,378		742,828,357,420		2,145,505,067,582
Operating profit			96,620,822,413		306,365,200,414		88,939,483,304		291,902,774,574
Non-operating income		25	1,237,500,254		3,366,609,134		1,506,001,594		2,662,093,826
Non-operating expenses		25	244,772,857		7,912,295,642		1,145,034,462		2,189,491,800
Profit before income tax expense			97,613,549,810		301,819,513,906		89,300,450,436		292,375,376,600
Income tax expense		26	21,308,085,068		61,721,761,672		20,766,248,181		66,635,682,156
Profit for the period		18,34	76,305,464,742		240,097,752,234		68,534,202,255		225,739,694,444
Other comprehensive income (loss)		19							
Items that will not be reclassified to profit or loss									
Remeasurements of net defined benefit liabilities			(1,158,658,562)		(2,057,649,484)		1,298,705,207		(4,541,496,814)
Gain (loss) on financial assets at fair value through other comprehensive income			(35,300,735)		(2,011,496,785)		(231,272)		2,677,679
Items that may be subsequently reclassified to profit or loss									
Cash flow hedges			(14,764,699,933)		(17,714,714,164)		19,309,363,734		1,642,953,118
Gain on overseas operations translation			(70,390,590)		(16,635,757)		-		-
			(16,029,049,820)		(21,800,496,190)		20,607,837,669		(2,895,866,017)
Total comprehensive income for the period		₩	60,276,414,922	₩	218,297,256,044	₩	89,142,039,924	₩	222,843,828,427
Earnings per share		34							
Basic earnings per share		₩	448	₩	1,419	₩	413	₩	1,349
Diluted earnings per share			448		1,419		413		1,349

The above consolidated interim statements of comprehensive income should be read in conjunction with the accompanying notes.

Hyundai Card Co., Ltd. and Subsidiaries
Consolidated Interim Statements of Changes in Equity
Nine-Month Periods Ended September 30, 2024 and 2023

	Share capital	Reserves			Capital adjustment	Hybrid securities	Accumulated other comprehensive income	Retained earnings	Total
		Share premium	Other reserves						
<i>(In Korean won)</i>									
Balance at January 1, 2023	₩ 802,326,430,000	₩ 45,399,364,539	₩ 12,305,079,416	₩ -	₩ -	₩ 299,239,980,000	₩ 73,135,836,962	₩ 2,613,156,202,165	₩ 3,845,562,893,082
Changes in equity									
Total comprehensive income (loss)									
Profit for the period	-	-	-	-	-	-	-	225,739,694,444	225,739,694,444
Other comprehensive income (loss)									
Remeasurements of net defined benefit liabilities	-	-	-	-	-	-	(4,541,496,814)	-	(4,541,496,814)
Cash flow hedges	-	-	-	-	-	-	1,642,953,118	-	1,642,953,118
Gain (loss) on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	2,677,679	-	2,677,679
Transactions with shareholders									
Dividends paid	-	-	-	-	-	-	-	(60,976,808,680)	(60,976,808,680)
Dividends on hybrid securities	-	-	-	-	-	-	-	(9,328,532,608)	(9,328,532,608)
Issuance of hybrid securities	-	-	-	-	-	159,590,030,000	-	-	159,590,030,000
Redemption of hybrid securities	-	-	-	-	(760,020,000)	(299,239,980,000)	-	-	(300,000,000,000)
Balance at September 30, 2023 (Unaudited)	₩ 802,326,430,000	₩ 45,399,364,539	₩ 12,305,079,416	₩ (760,020,000)	₩ 159,590,030,000	₩ 70,239,970,945	₩ 2,768,590,555,321	₩ 3,857,691,410,221	
Balance at January 1, 2024	₩ 802,326,430,000	₩ 45,399,364,539	₩ 12,305,079,416	₩ (760,020,000)	₩ 159,590,030,000	₩ 6,054,151,814	₩ 2,805,556,986,374	₩ 3,830,472,022,143	
Changes in equity									
Total comprehensive income (loss)									
Profit for the period	-	-	-	-	-	-	-	240,097,752,234	240,097,752,234
Other comprehensive income (loss)									
Remeasurements of net defined benefit liabilities	-	-	-	-	-	-	(2,057,649,484)	-	(2,057,649,484)
Cash flow hedges	-	-	-	-	-	-	(17,714,714,164)	-	(17,714,714,164)
Gain (loss) on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(1,483,541)	(2,000,013,244)	(2,011,496,785)
Gain (loss) on overseas operations translation	-	-	-	-	-	-	(16,635,757)	-	(16,635,757)
Transactions with shareholders									
Dividends paid	-	-	-	-	-	-	-	(132,544,326,236)	(132,544,326,236)
Dividends on hybrid securities	-	-	-	-	-	-	-	(12,382,986,955)	(12,382,986,955)
Issuance of hybrid securities	-	-	-	-	-	139,639,910,000	-	-	139,639,910,000
Others									
Transfer of retained earnings for capital adjustment	-	-	-	760,020,000	-	-	(760,020,000)	-	-
Balance at September 30, 2024 (Unaudited)	₩ 802,326,430,000	₩ 45,399,364,539	₩ 12,305,079,416	₩ -	₩ 299,229,940,000	₩ (13,746,331,132)	₩ 2,897,967,392,173	₩ 4,043,481,874,996	

The above consolidated interim statements of changes in equity should be read in conjunction with the accompanying notes.

Hyundai Card Co., Ltd. and Subsidiaries
Consolidated Interim Statements of Cash Flows
Nine-Month Periods Ended September 30, 2024 and 2023

(In Korean won)	Note	2024	2023
		(Unaudited)	(Unaudited)
Cash flows from operating activities			
Cash generated from operating activities	27	₩ (1,311,870,950,424)	₩ 1,444,262,889,392
Interests received		1,059,872,489,738	847,841,045,594
Interests paid		(470,193,164,627)	(331,558,944,928)
Dividends received		20,046,712	20,039,936
Income taxes paid		(63,879,568,768)	(80,866,116,938)
Net cash inflow (outflow) from operating activities		(786,051,147,369)	1,879,698,913,056
Cash flows from investing activities			
Disposal of financial assets at fair value through profit or loss		3,475,000,000	1,709,479,195
Disposal of financial assets at fair value through other comprehensive income		4,000,020,440	-
Disposal of investments in associates		300,000,000	-
Disposal of property and equipment		11,716,500	3,005,401,732
Disposal of intangible assets		15,000	-
Acquisition of financial assets at fair value through profit or loss		(10,468,542,031)	(480,780,000)
Acquisition of financial assets at fair value through other comprehensive income		(1,199,951,538)	-
Acquisition of investments in associates		(1,160,000,000)	-
Acquisition of property and equipment		(37,479,589,564)	(262,570,359,589)
Acquisition of intangible assets		(23,596,639,925)	(22,910,932,041)
Net decrease in guarantee deposits provided		1,102,276,084	7,715,048,724
Net cash outflow from investing activities		(65,015,695,034)	(273,532,141,979)
Cash flows from financing activities			
Proceeds from borrowings		1,150,000,000,000	820,000,000,000
Proceeds from issue of debentures		15,789,629,457,050	10,439,757,517,308
Proceeds from issue of hybrid securities		139,639,910,000	159,590,030,000
Repayment of borrowings		(1,592,500,010,000)	(1,022,500,010,000)
Repayment of debentures		(14,281,400,000,000)	(11,717,200,000,000)
Redemption of hybrid capital securities		-	(300,000,000,000)
Repayment of lease liabilities		(9,509,477,543)	(11,821,081,082)
Dividends paid		(132,544,326,236)	(60,976,808,680)
Dividends on hybrid securities		(11,094,800,000)	(10,575,000,000)
Net cash inflow (outflow) from financing activities		1,052,220,753,271	(1,703,725,352,454)
Effect of exchange rate changes on cash assets denominated in foreign currenc		(18,855,517)	-
Net increase (decrease) in cash and cash equivalents		201,135,055,351	(97,558,581,377)
Cash and cash equivalents at the beginning of the period	27	1,049,247,085,470	2,269,390,254,066
Cash and cash equivalents at the end of the period	27	₩ 1,250,382,140,821	₩ 2,171,831,672,689

The above consolidated interim statements of cash flows should be read in conjunction with the accompanying notes.

Hyundai Card Co., Ltd. and Subsidiaries

Notes to the Consolidated Interim Financial Statements

September 30, 2024 and 2023 (Unaudited), and December 31, 2023

1. GENERAL INFORMATION:

Hyundai Card Co., Ltd. (the “Company” or the “Parent Company”), which is a controlling company in accordance with Korean International Financial Reporting Standard (“K-IFRS”) No.1110 ‘*Consolidated Financial Statements*’, is engaged in the credit card business with its headquarters located at 3, Uisadang-daero, Yeongdeungpo-gu, Seoul. On June 15, 1995, the Company acquired the credit card business of Korea Credit Circulation Co., Ltd., and on June 16, 1995, the Korean government granted permission to the Company to engage in the credit card business. The Company operates its business under the Specialized Credit Financial Business Act and other relevant applicable regulations.

As of September 30, 2024, the Company has approximately 12.45 million card members, 3.17 million registered merchants and 16 marketing centers and branches (including 1 overseas branch).

As of September 30, 2024, the total ordinary shares of the Company amounted to ₩802,326 million after several capital increases and retirement of treasury shares. The shareholders as of September 30, 2024 and December 31, 2023, are as follows:

	September 30, 2024		December 31, 2023	
	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership
Hyundai Motor Co., Ltd.	59,301,937	36.96%	59,301,937	36.96%
Kia Corporation	10,398,877	6.48%	10,398,877	6.48%
Hyundai Commercial Inc.	55,518,860	34.62%	55,518,860	34.62%
Taipei Fubon Commercial Bank Co., Ltd.	16,046,528	9.99%	16,046,528	9.99%
Fubon Life Insurance Co., Ltd.	16,046,528	9.99%	16,046,528	9.99%
Others	3,152,556	1.96%	3,152,556	1.96%
	<u>160,465,286</u>	<u>100.00%</u>	<u>160,465,286</u>	<u>100.00%</u>

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2024 and 2023 (Unaudited), and December 31, 2023

2. MATERIAL ACCOUNTING POLICIES:

2.1 Basis of Preparation

The consolidated interim financial statements of the Company and its Subsidiaries (the 'Group') for the nine-month period ended September 30, 2024, have been prepared in accordance with K-IFRS No.1034 '*Interim Financial Reporting*' and contain less information than is required in annual consolidated financial statements. Selected explanatory notes include descriptions of transactions or events that are significant in understanding change in financial position and financial performance of the Group since the end of the previous annual reporting period. These consolidated interim financial statements have been prepared in accordance with K-IFRS which is effective or early adopted as of September 30, 2024.

2.2 New standards and interpretations adopted by the Group

The Group has applied the following standards and interpretations for the first time for its annual reporting period commencing January 1, 2024:

- Amendment of K-IFRS No.1001 "Presentation of Financial Statements" - Classification of Liabilities into Current and Non-Current and Non-current Liabilities with Covenants

Liabilities are classified as current or non-current based on their substantive rights existing at the end of the reporting period, without considering the possibility of exercising the right to delay the payment or the management's expectations. Also, if the transfer of equity instruments is included in the payment of liabilities, it is excluded if the option to pay with equity instruments is recognized separately from the liability in a compound financial instrument and meets the definition of equity instruments. These amendments do not have a significant impact on the financial statements.

2.3 New standards and interpretations not yet adopted by the Group

The following amended standards have been published that are not mandatory for January 1, 2024 reporting period and have not been adopted by the Group.

- Amendment of K-IFRS No.1021 "The Effects of Changes in Foreign Exchange Rates" and K-IFRS No.1101 "First-time Adoption of International Financial Reporting Standards" - Lack of exchangeability

The amendments require the Group to determine a spot exchange rate when exchangeability is lacking, and to disclose information on the nature and financial effects of the currency not being exchangeable into the other currency, the spot exchange rate(s) used, the estimation process, and the risks to which the Group is exposed. This amendment will be applied to the financial statements for the accounting year beginning on or after January 1, 2025. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2024 and 2023 (Unaudited), and December 31, 2023

2.4 Accounting policies

The material accounting policies and calculation methods applied in the preparation of these consolidated interim financial statements are the same as those applied to the consolidated financial statements for the year ended December 31, 2023, except for the impact of changes due to adopting new and amended standards and interpretations described in Note 2.2 and below paragraph.

2.4.1 Income Tax Expense

Income tax expense for the interim period is recognized based on management's best estimate of the weighted-average annual income tax rate expected for the full financial year. The estimated average annual tax rate is applied to the pretax income.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS:

The Group makes estimates and assumptions about the future. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. Actual results may differ from those estimates.

Significant accounting estimates and assumptions applied in the preparation of these consolidated interim financial statements are the same as those applied to the consolidated financial statements as of and for the year ended December 31, 2023, except for the changes due to adopting new and amended standards and interpretations described in Note 2.2 and the estimates used to determine income tax expense.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2024 and 2023 (Unaudited), and December 31, 2023

4. CONSOLIDATED SUBSIDIARIES:

Details of the consolidated subsidiaries as of September 30, 2024 and December 31, 2023, are as follows:

	Main business	Location	Ownership interest held by the Group (%)		Closing month
			September 30, 2024	December 31, 2023	
Super Series 9th SPC ¹	Asset securitization	Korea	-	0.5	December
Super Series 10th SPC ¹	Asset securitization	Korea	-	0.5	December
Super Series 11th SPC ¹	Asset securitization	Korea	0.5	0.5	December
Super Series 12th SPC ¹	Asset securitization	Korea	0.5	0.5	December
Super Series 13th SPC ¹	Asset securitization	Korea	0.5	0.5	December
Super Series 14th SPC ¹	Asset securitization	Korea	0.5	0.5	December
Super Series 15th SPC ¹	Asset securitization	Korea	0.5	0.5	December
Super Series 16th SPC ¹	Asset securitization	Korea	0.5	-	December
BlueWalnut Co., Ltd.	Electronic banking	Korea	100.0	100.0	December
Money Market Trust	Trust business	Korea	100.0	100.0	-

¹ In determining power over subsidiaries except for BlueWalnut Co., Ltd. and Money Market Trust, voting rights or similar rights are not major components, accordingly, these subsidiaries are considered as structured entities.

Above subsidiaries, except for Money Market Trust and BlueWalnut Co., Ltd., are special-purpose companies ("SPCs") that were established for business activities of consolidated entities. Although the above subsidiaries have less than a majority of ownership interests, they are deemed to have control in accordance with K-IFRS No.1110 because they are exposed to variable returns or have rights to variable returns through their involvement with the investee, as well as the ability to use the power of the parent to influence the amount of the parent's returns.

Meanwhile, when event of default occurs from derivative contracts regarding asset-backed securities issued by SPCs, the Company may be liable for reimbursement of losses incurred on counterparties.

Hyundai Card Co., Ltd. and Subsidiaries
Notes to the Consolidated Interim Financial Statements
September 30, 2024 and 2023 (Unaudited), and December 31, 2023

Summarized financial information of the Group's subsidiaries as of September 30, 2024 and December 31, 2023, are as follows:

(In millions of Korean won)	September 30, 2024									
	Assets		Liabilities		Operating income		Profit (loss) for the period		Comprehensive income (loss)	
Super Series 11th SPC	₩	350,156	₩	350,156	₩	5,778	₩	-	₩	-
Super Series 12th SPC		382,798		382,810		17,634		-		(878)
Super Series 13th SPC		350,310		350,309		11,224		-		-
Super Series 14th SPC		557,073		567,590		31,696		-		1,349
Super Series 15th SPC		529,827		536,822		28,695		-		(767)
Super Series 16th SPC		536,205		547,059		24,143		-		(8,232)
BlueWalnut Co., Ltd.		106,098		77,383		113,960		(1,043)		(1,043)
Money Market Trust		862,000		-		206		206		206

(In millions of Korean won)	December 31, 2023									
	Assets		Liabilities		Operating income		Profit (loss) for the year		Comprehensive income (loss)	
Super Series 9th SPC	₩	103,448	₩	103,166	₩	19,367	₩	-	₩	(11,173)
Super Series 10th SPC		430,120		430,120		5,930		-		-
Super Series 11th SPC		350,156		350,156		7,694		-		-
Super Series 12th SPC		375,184		374,052		18,271		-		(4,040)
Super Series 13th SPC		350,305		350,305		14,941		-		-
Super Series 14th SPC		550,647		562,805		39,544		-		(2,382)
Super Series 15th SPC		529,827		535,743		27,778		-		(4,538)
BlueWalnut Co., Ltd.		116,952		87,178		114,445		(421)		(545)
Money Market Trust		190,000		-		14		14		14

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Subsidiaries newly included from the consolidation during the nine-month period ended September 30, 2024.

Name of subsidiary	Reason
Super Series 16th SPC	Establishment

Subsidiaries excluded from the consolidation during the nine-month period ended September 30, 2024.

Name of subsidiary	Reason
Super Series 9th SPC	Liquidation
Super Series 10th SPC	Liquidation

Non-controlling interests

Non-controlling interests of consolidated SPC do not have any right of residual income from SPC, and it is measured as amortized cost because its life term is fixed.

5. RESTRICTED CASH AND DEPOSITS:

Details of restricted cash and deposits as of September 30, 2024 and December 31, 2023, are as follows:

<i>(In millions of Korean won)</i>		September 30, 2024	December 31, 2023	Description
Cash and deposits	Kookmin Bank and others	₩ 18	₩ 18	Guarantee deposits for overdraft
	Shinhan Bank and others	23,100	23,100	Secured deposits
	Citi Bank and others	44,487	241,076	Deposits related to securitization
		<u>₩ 67,605</u>	<u>₩ 264,194</u>	

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6. SECURITIES:

Details of securities as of September 30, 2024 and December 31, 2023, are as follows:

<i>(In millions of Korean won)</i>	September 30, 2024	December 31, 2023
Financial assets at fair value through profit or loss		
Debt securities	₩ 666,650	₩ 668,444
Equity securities	7,696	6,455
	<u>674,346</u>	<u>674,899</u>
Financial assets at fair value through other comprehensive income		
Equity securities ¹	4,552	9,359
Investments in subsidiaries	512	58
	<u>₩ 679,410</u>	<u>₩ 684,316</u>

¹ The Group has designated equity securities held for strategic business partnerships as securities measured at fair value through other comprehensive income.

Details of the Group's investments in associates as of September 30, 2024 and December 31, 2023, are as follows:

	Location	Business Details	September 30, 2024	December 31, 2023
Modern Lion	Korea	NFT trading	41.00%	40.00%

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Changes in the Group's investments in associates for the nine-month periods ended September 30, 2024 and for the year ended December 31, 2023, are as follows:

(In millions of
Korean won)

		September 30, 2024					
						Gains (losses) on equity- method accounting	Ending balance
		Cost	Beginning balance	Acquisitions	Disposal		
Modern Lion	₩	1,904	₩ 58	₩ 1,160	₩ (56)	₩ (650)	₩ 512

(In millions of
Korean won)

		December 31, 2023					
						Gains (losses) on equity- method accounting	Ending balance
		Cost	Beginning balance	Acquisitions	Disposal		
Modern Lion	₩	800	₩ 689	₩ -	₩ -	₩ (631)	₩ 58

Condensed financial information of the Group's investments in associates as of September 30, 2024 and December 31, 2023, are as follows:

(In millions of
Korean won)

		September 30, 2024				
		Assets	Liabilities	Net assets	Profit (loss) for the period	Comprehen sive income (loss)
Modern Lion	₩	₩ 903	₩ 371	₩ 532	₩ (1,607)	₩ (1,607)

(In millions of
Korean won)

		December 31, 2023				
		Assets	Liabilities	Net assets	Profit (loss) for the year	Comprehen sive income (loss)
Modern Lion	₩	₩ 361	₩ 217	₩ 144	₩ (1,578)	₩ (1,578)

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7. FINANCIAL ASSETS AT AMORTIZED COST:

Details of financial assets at amortized cost by customers as of September 30, 2024 and December 31, 2023, are as follows:

(In millions of Korean won)	September 30, 2024				
	Principal	Deferred origination cost and fee	Present value of discounts	Provision for impairment	Carrying amount
Card receivables					
Household	₩ 15,075,839	₩ (354)	₩ (6,477)	₩ (241,934)	₩ 14,827,074
Corporates	1,113,920	-	-	(5,566)	1,108,354
Short-term card loans					
Household	720,619	-	-	(46,901)	673,718
Long-term card loans					
Household	5,637,832	-	(1,166)	(402,013)	5,234,653
Loan receivables					
Household	6,139	-	-	(556)	5,583
	<u>₩ 22,554,349</u>	<u>₩ (354)</u>	<u>₩ (7,643)</u>	<u>₩ (696,970)</u>	<u>₩ 21,849,382</u>
(In millions of Korean won)	December 31, 2023				
	Principal	Deferred origination cost and fee	Present value of discounts	Provision for impairment	Carrying amount
Card receivables					
Household	₩ 14,750,276	₩ (3,768)	₩ (7,880)	₩ (215,247)	₩ 14,523,381
Corporates	1,226,753	-	-	(4,761)	1,221,992
Short-term card loans					
Household	609,081	-	-	(36,356)	572,725
Long-term card loans					
Household	4,776,183	-	(1,123)	(344,649)	4,430,411
Loan receivables					
Household	15,948	-	-	(873)	15,075
	<u>₩ 21,378,241</u>	<u>₩ (3,768)</u>	<u>₩ (9,003)</u>	<u>₩ (601,886)</u>	<u>₩ 20,763,584</u>

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Changes in financial assets at amortized cost, which have significant impact on provisions for impairment, for the nine-month periods ended September 30, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024					
	Card receivables			Short-term card loans		
	Lifetime expected credit losses			Lifetime expected credit losses		
	12-month expected credit losses	Not impaired	Impaired	12-month expected credit losses	Not impaired	Impaired
Beginning balance	₩ 15,088,804	₩ 843,711	₩ 44,514	₩ 464,474	₩ 135,121	₩ 9,486
Transfer between stages						
Transfer to assets measured at 12-month expected credit losses	325,275	(325,119)	(156)	24,806	(24,806)	-
Transfer to assets measured at lifetime expected credit losses	(464,036)	464,115	(79)	(37,220)	37,220	-
Impairment	(96,344)	(48,236)	144,580	(12,332)	(9,843)	22,175
New origination and derecognition	312,698	32,026	14,779	92,190	37,239	16,815
Written off	-	-	(126,094)	-	-	(29,319)
Disposal and repurchase	-	-	(20,679)	-	-	(5,387)
Ending balance	₩ 15,166,397	₩ 966,497	₩ 56,865	₩ 531,918	₩ 174,931	₩ 13,770

(In millions of Korean won)	2024								
	Long-term card loans			Loan receivables					
	Lifetime expected credit losses			Lifetime expected credit losses					
	12-month expected credit losses	Not impaired	Impaired	12-month expected credit losses	Not impaired	Impaired	Total		
Beginning balance	₩ 3,899,393	₩ 580,468	₩ 296,322	₩ 13,217	₩ 2,256	₩ 475	₩ 21,378,241		
Transfer between stages									
Transfer to assets measured at 12-month expected credit losses	168,113	(167,987)	(126)	497	(497)	-	-		
Transfer to assets measured at lifetime expected credit losses	(296,750)	297,304	(554)	(823)	823	-	-		
Impairment	(62,355)	(42,237)	104,592	(231)	(194)	425	-		
New origination and derecognition	972,390	(45,270)	109,964	(7,871)	(1,475)	(118)	1,533,367		
Written off	-	-	(146,535)	-	-	(332)	(302,280)		
Disposal and repurchase	-	-	(28,900)	-	-	(13)	(54,979)		
Ending balance	₩ 4,680,791	₩ 622,278	₩ 334,763	₩ 4,789	₩ 913	₩ 437	₩ 22,554,349		

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(In millions of Korean won)

	2023					
	Card receivables			Short-term card loans		
	12-month expected credit losses	Lifetime expected credit losses		12-month expected credit losses	Lifetime expected credit losses	
		Not impaired	Impaired		Not impaired	Impaired
Beginning balance	₩ 14,762,141	₩ 1,357,449	₩ 57,131	₩ 344,555	₩ 104,488	₩ 14,622
Transfer between stages						
Transfer to assets measured at 12-month expected credit losses	513,765	(513,638)	(127)	20,201	(20,198)	(3)
Transfer to assets measured at lifetime expected credit losses	(433,992)	434,099	(107)	(21,692)	21,693	(1)
Impairment	(75,138)	(57,755)	132,893	(6,994)	(7,245)	14,239
New origination and derecognition	(901,363)	(201,007)	(13,902)	65,956	12,043	5,024
Written off	-	-	(121,476)	-	-	(23,464)
Disposal and repurchase	-	-	(12,434)	-	-	(2,017)
Ending balance	₩ 13,865,413	₩ 1,019,148	₩ 41,978	₩ 402,026	₩ 110,781	₩ 8,400

	2023						
	Long-term card loans			Loan receivables			
	12-month expected credit losses	Lifetime expected credit losses		12-month expected credit losses	Lifetime expected credit losses		Total
		Not impaired	Impaired		Not impaired	Impaired	
Beginning balance	₩ 3,427,753	₩ 936,085	₩ 219,928	₩ 19,604	₩ 4,512	₩ 332	₩ 21,248,600
Transfer between stages							
Transfer to assets measured at 12-month expected credit losses	266,873	(266,783)	(90)	892	(892)	-	-
Transfer to assets measured at lifetime expected credit losses	(327,219)	327,661	(442)	(1,428)	1,434	(6)	-
Impairment	(57,247)	(59,128)	116,375	(183)	(392)	575	-
New origination and derecognition	314,991	(237,695)	139,619	(278)	(1,228)	(72)	(817,912)
Written off	-	-	(188,832)	-	-	(384)	(334,156)
Disposal and repurchase	-	-	(7,793)	-	-	(60)	(22,304)
Ending balance	₩ 3,625,151	₩ 700,140	₩ 278,765	₩ 18,607	₩ 3,434	₩ 385	₩ 20,074,228

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Changes in provisions for impairment of financial assets at amortized cost for the nine-month periods ended September 30, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024					
	Card receivables			Short-term card loans		
	Lifetime expected credit losses			Lifetime expected credit losses		
	12-month expected credit losses	Not impaired	Impaired	12-month expected credit losses	Not impaired	Impaired
Beginning balance	₩ 104,008	₩ 82,535	₩ 33,465	₩ 14,113	₩ 15,136	₩ 7,107
Transfer between stages						
Transfer to assets measured at 12-month expected credit losses	28,850	(28,747)	(103)	2,466	(2,466)	-
Transfer to assets measured at lifetime expected credit losses	(8,417)	8,463	(46)	(1,090)	1,090	-
Impairment	(61,500)	(35,255)	96,755	(8,116)	(7,608)	15,724
Written off	-	-	(126,094)	-	-	(29,319)
Recovered	-	-	10,155	-	-	2,833
Disposal and repurchase	-	-	(11,855)	-	-	(2,882)
Additional (reversal of) provisions	45,461	69,352	40,473	9,467	13,663	16,783
Ending balance	₩ 108,402	₩ 96,348	₩ 42,750	₩ 16,840	₩ 19,815	₩ 10,246

(In millions of Korean won)

(In millions of Korean won)	2024								
	Long-term card loans				Loan receivables				Total
	Lifetime expected credit losses			Lifetime expected credit losses					
	12-month expected credit losses	Not impaired	Impaired	12-month expected credit losses	Not impaired	Impaired			
Beginning balance	₩ 109,828	₩ 75,061	₩ 159,760	₩ 291	₩ 227	₩ 355	₩ 601,886		
Transfer between stages									
Transfer to assets measured at 12-month expected credit losses	22,118	(22,029)	(89)	44	(44)	-	-		
Transfer to assets measured at lifetime expected credit losses	(10,032)	10,440	(408)	(23)	23	-	-		
Impairment	(33,645)	(27,901)	61,546	(37)	(151)	188	-		
Written off	-	-	(146,535)	-	-	(332)	(302,280)		
Recovered	-	-	11,698	-	-	51	24,737		
Disposal and repurchase	-	-	(22,726)	-	-	(7)	(37,470)		
Additional (reversal of) provisions	48,403	52,745	113,779	(179)	22	128	410,097		
Ending balance	₩ 136,672	₩ 88,316	₩ 177,025	₩ 96	₩ 77	₩ 383	₩ 696,970		

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(In millions of Korean won)

	2023					
	Card receivables			Short-term card loans		
	Lifetime expected credit losses			Lifetime expected credit losses		
	12-month expected credit losses	Not impaired	Impaired	12-month expected credit losses	Not impaired	Impaired
Beginning balance	₩ 88,033	₩ 113,496	₩ 43,223	₩ 9,116	₩ 11,261	₩ 11,175
Transfer between stages						
Transfer to assets measured at 12-month expected credit losses	39,441	(39,374)	(67)	1,907	(1,906)	(1)
Transfer to assets measured at lifetime expected credit losses	(6,827)	6,894	(67)	(591)	592	(1)
Impairment	(47,055)	(41,358)	88,413	(4,760)	(5,865)	10,625
Written off	-	-	(121,476)	-	-	(23,464)
Recovered	-	-	8,985	-	-	3,293
Disposal and repurchase	-	-	(7,498)	-	-	(1,281)
Additional (reversal of) provisions	10,654	42,776	20,032	5,609	7,434	5,932
Ending balance	₩ 84,246	₩ 82,434	₩ 31,545	₩ 11,281	₩ 11,516	₩ 6,278

(In millions of Korean won)

(In millions of Korean won)	2023													
	Long-term card loans						Loan receivables							
	Lifetime expected credit losses						Lifetime expected credit losses							
	12-month expected credit losses	Not impaired		Impaired		12-month expected credit losses	Not impaired		Impaired		Total			
Beginning balance	₩	92,692	₩	94,814	₩	124,393	₩	489	₩	814	₩	268	₩	589,774
Transfer between stages														
Transfer to assets measured at 12-month expected credit losses		25,871		(25,805)		(66)		93		(93)		-		-
Transfer to assets measured at lifetime expected credit losses		(10,745)		11,077		(332)		(37)		41		(4)		-
Impairment		(32,110)		(41,255)		73,365		(100)		(177)		277		-
Written off		-		-		(188,832)		-		-		(384)		(334,156)
Recovered		-		-		15,880		-		-		28		28,186
Disposal and repurchase		-		-		(5,085)		-		-		(42)		(13,906)
Additional (reversal of) provisions		21,846		38,407		126,662		(36)		(207)		147		279,256
Ending balance	₩	97,554	₩	77,238	₩	145,985	₩	409	₩	378	₩	290	₩	549,154

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8. PROPERTY AND EQUIPMENT:

Changes in property and equipment for the nine-month periods ended September 30, 2024 and 2023, are as follows:

(In millions of Korean won)	2024					
	Land	Buildings	Vehicles	Fixtures and equipment	Construction in progress	Total
Beginning balance	₩ 392,554	₩ 168,963	₩ 996	₩ 60,847	₩ 8,965	₩ 632,325
Acquisitions	11,926	3,459	-	12,009	8,948	36,342
Reclassification						
Reclassification within account ¹	(9,168)	(21,434)	1,210	3,394	(4,912)	(30,910)
Reclassification into selling and administrative expenses	-	-	-	-	-	-
Reclassification into intangible assets	-	-	-	-	-	-
Disposal	-	(583)	-	(128)	-	(711)
Depreciation	-	(3,736)	(206)	(17,556)	-	(21,498)
Ending balance	₩ 395,312	₩ 146,669	₩ 2,000	₩ 58,566	₩ 13,001	₩ 615,548

¹ Reclassification within account includes the replacement amount for the assets held for sale, as detailed in Note 37.

(In millions of Korean won)	2023					
	Land	Buildings	Vehicles	Fixtures and equipment	Construction in progress	Total
Beginning balance	₩ 197,870	₩ 104,088	₩ 1,186	₩ 47,821	₩ 28,926	₩ 379,891
Acquisitions	196,270	42,005	12	16,355	6,663	261,305
Reclassification						
Reclassification within account	-	24,561	-	543	(25,104)	-
Reclassification into selling and administrative expenses	-	-	-	-	(21)	(21)
Reclassification into intangible assets	-	-	-	400	-	400
Disposal	(1,586)	(1,365)	-	(94)	-	(3,045)
Depreciation	-	(3,390)	(151)	(13,576)	-	(17,117)
Ending balance	₩ 392,554	₩ 165,899	₩ 1,047	₩ 51,449	₩ 10,464	₩ 621,413

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9. INTANGIBLE ASSETS:

Changes in intangible assets for the nine-month periods ended September 30, 2024 and 2023, are as follows:

(In millions of Korean won)	2024					
	Develop- ment cost	Software	Others	Construction in progress	Member- ship	Total
Beginning balance	₩ 81,519	₩ 17,370	₩ 2	₩ 12,499	₩ 20,619	₩ 132,009
Acquisitions	7,743	536	-	14,490	1,913	24,682
Reclassification						
Reclassification within account	8,037	-	-	(8,037)	-	-
Reclassification into selling and administrative expenses	(140)	-	-	-	-	(140)
Reclassification into property and equipment	-	-	-	-	-	-
Amortization	(22,710)	(4,915)	-	-	-	(27,625)
Ending balance	₩ 74,449	₩ 12,991	₩ 2	₩ 18,952	₩ 22,532	₩ 128,926

(In millions of Korean won)	2023					
	Develop- ment cost	Software	Others	Construction in progress	Member- ship	Total
Beginning balance	₩ 83,099	₩ 18,866	₩ 2	₩ 9,069	₩ 20,619	₩ 131,655
Acquisitions	7,015	1,476	-	13,231	-	21,722
Reclassification						
Reclassification within account	5,408	165	-	(5,573)	-	-
Reclassification into selling and administrative expenses	(298)	-	-	(127)	-	(425)
Reclassification into property and equipment	-	-	-	(400)	-	(400)
Amortization	(21,306)	(4,947)	-	-	-	(26,253)
Ending balance	₩ 73,918	₩ 15,560	₩ 2	₩ 16,200	₩ 20,619	₩ 126,299

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10. LEASE:

The Group as a lessee

Changes in right-of-use assets for the nine-month periods ended September 30, 2024 and 2023, are as follows:

	2024			
	Buildings	Vehicles	Others	Total
Beginning balance	₩ 26,004	₩ 804	₩ -	₩ 26,808
Acquisitions	22,517	566	1,243	24,326
Disposal	(20,055)	(219)	-	(20,274)
Amortization	(9,698)	(193)	(186)	(10,077)
Other	145	-	-	145
Ending balance	₩ 18,913	₩ 958	₩ 1,057	₩ 20,928

	2023			
	Buildings	Vehicles	Others	Total
Beginning balance	₩ 253,284	₩ 758	₩ 68	₩ 254,110
Acquisitions	22,458	341	295	23,094
Disposal	(234,654)	(8)	-	(234,662)
Amortization	(13,694)	(218)	(265)	(14,177)
Other	(655)	-	-	(655)
Ending balance	₩ 26,739	₩ 873	₩ 98	₩ 27,710

The analysis of maturity of lease liabilities before discount recognized in the consolidated interim statements of financial position as of September 30, 2024 and December 31, 2023, are as follows:

	September 30, 2024	December 31, 2023
Less than one year	₩ 7,816	₩ 9,958
Between one year and five years	13,827	18,108
Lease liabilities before discount	₩ 21,643	₩ 28,066

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The consolidated interim statements of comprehensive income for the nine-month periods ended September 30, 2024 and 2023, show the following amounts relating to leases:

<i>(In millions of Korean won)</i>	2024	2023
Interest expense relating to lease liabilities	₩ 753	₩ 3,705
Expense relating to leases of low-value assets (included in selling and administrative expenses)	201	64

The total cash outflow for leases for the nine-month periods ended September 30, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	2024	2023
Total cash outflow for leases	₩ 9,710	₩ 11,885

Operating lease – the Group as a lessor

The Group provides some of the properties it owns as operating leases, and the expected maximum lease period is 2028. The Busan office building operation lease includes the option of the lessee to extend the lease period by five years, and the market review clause is included when the lease renewal option is exercised. The lessee does not have a purchase option to purchase the leased asset at the expiration of the lease term. However, the Group decided to sell the Busan office in June 2024, and the transaction is expected to be completed by the fourth quarter of 2024.

The analysis of maturity of operating lease recognized in the consolidated interim statements of financial position as of September 30, 2024 and December 31, 2023, are as follows:

<i>(In millions of Korean won)</i>	September 30, 2024	December 31, 2023
Within one year	₩ 1,416	₩ 1,816
One year to five years	4,167	4,973
	<u>₩ 5,583</u>	<u>₩ 6,789</u>

The amount recognized as profit for the nine-month periods ended September 30, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	2024	2023
The amount recognized as profit	₩ 1,569	₩ 553

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11. OTHER ASSETS:

Details of other assets as of September 30, 2024 and December 31, 2023, are as follows:

(In millions of Korean won)

		September 30, 2024		
		Other assets	Provision for impairment	Book amount
Other receivables	₩	160,696	₩ (2,460)	₩ 158,236
Accrued revenue		95,184	(2,995)	92,189
Guarantee deposits provided		6,069	-	6,069
Prepayments		339,237	(272)	338,965
Prepaid expenses		75,790	-	75,790
Other assets		10,890	-	10,890
	₩	687,866	₩ (5,727)	₩ 682,139

(In millions of Korean won)

		December 31, 2023		
		Other assets	Provision for impairment	Book amount
Other receivables	₩	118,024	₩ (1,651)	₩ 116,373
Accrued revenue		84,614	(2,535)	82,079
Guarantee deposits provided		7,112	-	7,112
Prepayments		85,232	(207)	85,025
Prepaid expenses		76,944	-	76,944
Other assets		13,129	-	13,129
	₩	385,055	₩ (4,393)	₩ 380,662

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Changes in provisions of other assets for the nine-month periods ended September 30, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024					
	Other receivables		Accrued revenue		Prepayments	
Beginning balance	₩	1,651	₩	2,535	₩	207
Additional provisions		809		460		65
Ending balance	₩	2,460	₩	2,995	₩	272

(In millions of Korean won)

	2023					
	Other receivables		Accrued revenue		Prepayments	
Beginning balance	₩	493	₩	2,559	₩	97
Additional (reversal of) provisions		1,041		(280)		195
Ending balance	₩	1,534	₩	2,279	₩	292

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12. BORROWINGS:

Details of borrowings as of September 30, 2024 and December 31, 2023, are as follows:

(In millions of Korean won)		Annual interest rate (%)	September 30, 2024
Short-term borrowings			
Commercial paper	Shinhan Bank and others	4.11 ~ 4.63	₩ 198,373
Borrowings ¹	Citi Bank and others	3.61 ~ 5.34	220,000
			<u>418,373</u>
Current portion of long-term borrowings			
Commercial paper	BNK Securities and others	1.56 ~ 4.74	804,262
Borrowings ¹	KEB Hana Bank and others	3.51 ~ 6.45	374,722
			<u>1,178,984</u>
Long-term borrowings			
Commercial paper	Kiwoom Securities and others	1.73 ~ 4.72	645,668
Borrowings ¹	KDB Bank and others	3.93 ~ 6.18	640,000
			<u>1,285,668</u>
			<u>₩ 2,883,025</u>

¹ Interest rate after considering swaps.

(In millions of Korean won)		Annual interest rate (%)	December 31, 2023
Short-term borrowings			
Commercial paper	KEB Hana Bank and others	4.20 ~ 6.33	₩ 267,166
Borrowings ¹	KOOKMIN Bank and others	4.42 ~ 5.34	180,000
			<u>447,166</u>
Current portion of long-term borrowings			
Commercial paper	BNK Securities and others	1.41 ~ 4.69	287,330
Borrowings ¹	KDB Bank and others	2.37 ~ 6.45	521,667
			<u>808,997</u>
Long-term borrowings			
Commercial paper	Kiwoom Securities and others	1.73 ~ 4.74	1,391,563
Borrowings ¹	KDB Bank and others	3.51 ~ 6.18	635,556
			<u>2,027,119</u>
			<u>₩ 3,283,282</u>

¹ Interest rate after considering swaps.

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Details of debentures as of September 30, 2024 and December 31, 2023, are as follows:

<i>(In millions of Korean won)</i>	Maturity	Annual interest rate (%)	September 30, 2024
Short-term debentures	2024.10 ~ 2024.11	4.26 ~ 4.46	₩ 155,000
Current portion of debentures ¹	2024.10 ~ 2025.09	1.55 ~ 6.63	3,040,000
Long-term debentures ¹	2025.10 ~ 2032.03	1.67 ~ 6.61	11,881,992
			<u>15,076,992</u>
Discounts on debenture			(21,990)
			<u>₩ 15,055,002</u>

¹ Interest rate after considering swaps.

<i>(In millions of Korean won)</i>	Maturity	Annual interest rate (%)	December 31, 2023
Short-term debentures	2024.01 ~ 2024.08	4.21 ~ 5.63	₩ 265,000
Current portion of debentures ¹	2024.01 ~ 2024.12	1.22 ~ 6.60	2,793,152
Long-term debentures ¹	2025.01 ~ 2032.03	1.64 ~ 6.63	10,487,966
			<u>13,546,118</u>
Discounts on debenture			(12,027)
			<u>₩ 13,534,091</u>

¹ Interest rate after considering swaps.

The outstanding debentures are non-guaranteed corporate bonds, with their principals to be redeemed either by installment or at maturity. Bond issuance costs are recorded as discounts on debentures and amortized using the effective interest rate method.

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13. POSTEMPLOYMENT BENEFITS:

13.1 Defined Contribution Plan

The expense recognized in the consolidated interim statements of comprehensive income related to postemployment benefit under the defined contribution plan for the nine-month periods ended September 30, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>		2024		2023
Defined contribution plan	₩	1,166	₩	1,257

13.2 Defined Benefit Plan

General

The Group operates a defined benefit plan for qualified employees by applying average salary over the past three months and length of service, etc. Plan assets mainly consist of deposits and are exposed to risk of lower interest rate.

Net defined benefit liabilities (assets)

Changes in present value of net defined benefit liabilities(assets) for the nine-month periods ended September 30, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	2024			
	Present value of the defined benefit obligation		Plan assets	
			National Pension Fund	Net defined benefit liabilities (assets)
Beginning balance	₩	109,663	₩	(120,272)
Current service cost		9,283		-
Interest expense (income)		3,378		(3,646)
Return on plan assets (excluding amounts included in interest income)		-		(461)
Actuarial loss(gain) from change in financial assumptions		3,025		-
Actuarial loss(gain) arising from experience adjustment		343		-
Transfer of employees between the Group and its related companies		701		(696)
Benefits paid		(7,173)		7,053
Ending balance	₩	119,220	₩	(118,022)

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(In millions of Korean won)

	2023			
	Present value of the defined benefit obligation		National Pension Fund	
		Plan assets		Net defined benefit liabilities (assets)
Beginning balance	₩ 91,211	₩ (117,823)	₩ (10)	₩ (26,622)
Current service cost	8,471	-	-	8,471
Interest expense (income)	3,571	(4,461)	-	(890)
Return on plan assets (excluding amounts included in interest income)	-	705	-	705
Actuarial loss(gain) from change in financial assumptions	(76)	-	-	(76)
Actuarial loss(gain) arising from experience adjustment	5,310	-	-	5,310
Transfer of employees between the Group and its related companies	529	(458)	-	71
Benefits paid	(6,374)	6,306	-	(68)
Ending balance	₩ 102,642	₩ (115,731)	₩ (10)	₩ (13,099)

13.3 Long-Term Employee Benefit Liabilities

Changes in present value of long-term employee benefit liabilities for the nine-month periods ended September 30, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024	2023
Beginning balance	₩ 5,192	₩ 6,583
Current service cost	285	393
Interest expense	153	233
Actuarial loss	555	1,206
Benefits paid	(351)	(1,284)
Ending balance	₩ 5,834	₩ 7,131

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14. PROVISIONS:

Changes in provisions for the nine-month periods ended September 30, 2024 and 2023, are as follows:

(In millions of Korean won)	2024			
	Unused commitment	Point	Provision for restoration	Total
Beginning balance	₩ 127,027	₩ 38,202	₩ 1,999	₩ 167,228
Provision (reversal)	6,734	3,909	(1,667)	8,976
Others	-	-	1,424	1,424
Ending balance	₩ 133,761	₩ 42,111	₩ 1,756	₩ 177,628

(In millions of Korean won)	2023			
	Unused commitment	Point	Provision for restoration	Total
Beginning balance	₩ 97,998	₩ 33,122	₩ 4,070	₩ 135,190
Provision (reversal)	22,137	7,618	(3,508)	26,247
Others	-	-	1,113	1,113
Ending balance	₩ 120,135	₩ 40,740	₩ 1,675	₩ 162,550

Changes in provision for unused commitment for the nine-month periods ended September 30, 2024 and 2023, are as follows:

(In millions of Korean won)	2024			
	12-month expected credit losses	Lifetime expected credit losses		Total
		Not impaired	Impaired	
Beginning balance	₩ 96,053	₩ 30,974	₩ -	₩ 127,027
Transfer between stages				
Transfer to assets measured at 12-month expected credit losses	16,297	(16,297)	-	-
Transfer to assets measured at lifetime expected credit losses	(3,607)	3,607	-	-
Impairment	(5)	(5)	10	-
Provision (reversal)	(11,248)	17,992	(10)	6,734
Ending balance	₩ 97,490	₩ 36,271	₩ -	₩ 133,761

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(In millions of Korean won)

	2023							
	12-month expected credit losses		Lifetime expected credit losses			Total		
			Not impaired	Impaired				
Beginning balance	₩	77,835	₩	20,163	₩	-	₩	97,998
Transfer between stages								
Transfer to assets measured at 12-month expected credit losses		10,837		(10,837)		-		-
Transfer to assets measured at lifetime expected credit losses		(2,789)		2,789		-		-
Impairment		(4)		(8)		12		-
Provision (reversal)		8,489		13,660		(12)		22,137
Ending balance	₩	94,368	₩	25,767	₩	-	₩	120,135

15. OTHER LIABILITIES:

Details of other liabilities as of September 30, 2024 and December 31, 2023, are as follows:

(In millions of Korean won)	September 30, 2024	December 31, 2023
Accounts payable	₩ 2,202,466	₩ 2,163,249
Accrued expenses	220,118	212,329
Withholdings	304,976	127,085
Guarantee deposit received	12,397	11,968
Unearned revenue	540,916	489,857
	₩ 3,280,873	₩ 3,004,488

Details of unearned revenue as of September 30, 2024 and December 31, 2023, are as follows:

(In millions of Korean won)	September 30, 2024	December 31, 2023
Point programs (point deferred revenue)	₩ 377,414	₩ 348,752
Annual subscription	163,337	140,894
Others	165	211
	₩ 540,916	₩ 489,857

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Changes in point deferred revenue for the nine-month periods ended September 30, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>		2024		2023
Beginning balance	₩	348,752	₩	329,286
Deferred revenue		309,600		277,982
Revenue recognition		(280,938)		(260,902)
Ending balance	₩	377,414	₩	346,366

16. DERIVATIVES AND HEDGE ACCOUNTING:

Derivative instruments held for trading

The loss recognized in the statement of comprehensive income related to derivatives held for trading amounted to ₩56 million for the nine-month period ended September 30, 2024.

Cash flow hedge

Cash flow hedge is a hedge for the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability (such as all or some future interest payments on variable-rate debt) or a highly probable forecast transaction and could affect profit or loss. When applying cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income, and the ineffective portion of the gain or loss on the hedging instrument shall be recognized in profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognized in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment in the same period or periods during which the hedged forecast cash flows affect profit or loss.

The Group shall discontinue prospectively if a hedging instrument expires or is sold, terminated or exercised; the hedge no longer meets the criteria for hedge accounting; the Group revokes the designation; or a forecast transaction is no longer expected to occur, in which case, any related cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income from the period when the hedge was effective shall be reclassified from equity to profit or loss as a reclassification adjustment.

The Group removes the volatility risk of future cash flows of a hedged item, such as borrowings, caused by changes in market interest rates or in foreign currency rates, by using derivative instruments, such as an interest rate swap or currency swap.

The hedge relationship to which the Group applies cash flow hedge is affected by the interest rate benchmark related to the rate benchmark reform. Interest rate benchmarks exposed to

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hedge relationship are KRW CD and KRW CMS. The hedged items include won-denominated variable-rate borrowings issued (see Note 12), which have the same swap, maturity and nominal amounts. Among the Group's hedge relationship, the nominal amounts of hedging instrument related to KRW CD and KRW CMS are ₩1,429,722 million and ₩1,310,000 million, respectively. The Group is closely watching market and industry discussions regarding applicable alternative base interest rates for exposed interest rate benchmarks, and it believes this uncertainty will no longer arise when the exposed interest rate benchmark is replaced with an applicable rate.

The Group will retain the cumulative gain or loss in the cash flow hedge reserve for designated cash flow hedges that are subject to interest rate benchmark reforms even though there is uncertainty arising from the interest rate benchmark reform with respect to the timing and amount of the cash flows of the hedged items. Should the Group consider the hedged future cash flows are no longer expected to occur due to reasons other than interest rate benchmark reform, the cumulative gain or loss will be immediately reclassified to profit or loss.

Details of derivative assets and liabilities as of September 30, 2024 and December 31, 2023, are as follows:

(In millions of Korean won)	September 30, 2024			
	Unsettled contract amount	Assets	Liabilities	Accumulated other comprehensive income ¹
Interest rate swap	₩ 2,739,722	₩ 21,265	₩ 10,461	₩ 9,821
Currency swap	2,656,993	20,451	60,972	(9,051)
	<u>₩ 5,396,715</u>	<u>₩ 41,716</u>	<u>₩ 71,433</u>	<u>₩ 770</u>

(In millions of Korean won)	December 31, 2023			
	Unsettled contract amount	Assets	Liabilities	Accumulated other comprehensive income ¹
Interest rate swap	₩ 3,002,222	₩ 37,819	₩ 7,529	₩ 24,654
Currency swap	1,547,020	11,473	49,034	(6,169)
	<u>₩ 4,549,242</u>	<u>₩ 49,292</u>	<u>₩ 56,563</u>	<u>₩ 18,485</u>

¹ Amount reflects tax effect.

For transactions between local and foreign currencies, the unsettled contract amount of transaction is translated by applying the basic foreign exchange rate at the end of the reporting period to the contract amount in foreign currencies. For transactions between foreign currencies and other foreign currencies, the unsettled contract amount is the amount translated by applying the basic foreign exchange rate at the end of the reporting period to the contract amount in foreign currencies purchased.

The maximum period for the Group to be exposed to the variability in future cash flows arising

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from derivatives designated as cash flow hedges is expected to be until March 22, 2032. Meanwhile, the gain recognized as ineffective portion in relation to cash flow hedge is ₩1,364 million for nine-month period ended September 30, 2024.

The average hedge ratio of derivative assets and liabilities as of September 30, 2024, is as follows:

<i>(In millions of Korean won)</i>		Less than 1 year	Between 1 year and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years	Total
Nominal amount of hedged item	₩	739,722	₩ 1,331,657	₩ 2,125,536	₩ 410,000	₩ 749,800	₩ 40,000	₩ 5,396,715
Nominal amount of hedging instrument	₩	739,722	₩ 1,331,657	₩ 2,125,536	₩ 410,000	₩ 749,800	₩ 40,000	₩ 5,396,715
Average hedge ratio		100%	100%	100%	100%	100%	100%	100%

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17. SHARE CAPITAL AND HYBRID SECURITIES:

Details of capital stock as of September 30, 2024 and December 31, 2023, are as follows:

<u>Description</u>	<u>Authorized shares</u>	<u>Par value (In Korean won)</u>	<u>Outstanding shares</u>	<u>Capital stock amount</u>
Common stock	600,000,000 shares	₩ 5,000	160,465,286 shares	₩ 802,326 million

Details of hybrid securities classified as equity as of September 30, 2024, are as follows:

<i>(In millions of Korean won)</i>	<u>Issue date</u>	<u>Maturity date</u>	<u>Interest rate</u>	<u>Amount</u>
876 th Bond-type hybrid securities ¹	2023-07-12	2053-07-12	6.00%	₩ 160,000
898 th Bond-type hybrid securities ¹	2024-01-31	2054-01-31	5.56%	120,000
899 th Bond-type hybrid securities ¹	2024-02-01	2054-02-01	5.56%	20,000
Issuance costs				(770)
				<u>₩ 299,230</u>

¹ Conditions for issuance for bond-type hybrid securities are as follows:

<u>876th Bond-type hybrid securities</u>	
Maturity	30 years (extendable at the discretion of the Group at original maturity)
Interest rate	From issue date to July 12, 2028: A fixed rate of 6.00% p.a. with a one-off incremental of 2%, five years after the issuance per the step-up clause
Interest payment condition	Three months in arrears with selective deferment
Others	Early redemption by issuer allowed five years after issuance
<u>898th Bond-type hybrid securities</u>	
Maturity	30 years (extendable at the discretion of the Group at original maturity)
Interest rate	From issue date to January 31, 2029: A fixed rate of 5.56% p.a. with a one-off incremental of 2%, five years after the issuance per the step-up clause
Interest payment condition	Three months in arrears with selective deferment
Others	Early redemption by issuer allowed five years after issuance

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899th Bond-type hybrid securities

Maturity	30 years (extendable at the discretion of the Group at original maturity)
Interest rate	From issue date to February 1, 2029: A fixed rate of 5.56% p.a. with a one-off incremental of 2%, five years after the issuance per the step-up clause
Interest payment condition	Three months in arrears with selective deferment
Others	Early redemption by issuer allowed five years after issuance

18. RETAINED EARNINGS:

Retained earnings as of September 30, 2024 and December 31, 2023, consist of the following:

<i>(In millions of Korean won)</i>	September 30, 2024	December 31, 2023
Legal reserves ¹	₩ 106,971	₩ 93,716
Reserves for electronic financial transaction (Note 28)	1,000	1,000
Regulatory reserve for credit losses (Note 20)	856,219	1,131,719
Unappropriated retained earnings	1,933,777	1,579,122
	<u>₩ 2,897,967</u>	<u>₩ 2,805,557</u>

¹ The Commercial Code of the Republic of Korea requires the Parent Company to appropriate for each financial period, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued share capital. The reserve is not available for cash dividends payment but may be transferred to share capital or used to reduce accumulated deficit.

Changes in retained earnings for the nine-month periods ended September 30, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	2024	2023
Beginning balance	₩ 2,805,557	₩ 2,613,156
Profit for the period	240,098	225,740
Dividends paid	(132,544)	(60,977)
Dividends on hybrid securities	(12,383)	(9,328)
Transfer for capital adjustment	(760)	-
Gain (loss) on financial assets at fair value through other comprehensive income	(2,001)	-
Ending balance	<u>₩ 2,897,967</u>	<u>₩ 2,768,591</u>

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19. ACCUMULATED OTHER COMPREHENSIVE INCOME:

Changes in accumulated other comprehensive income for the nine-month periods ended September 30, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024					
	Beginning balance	Changes			Transfer to retained earnings	Ending balance
		Reclassification of profit or loss	Other	Tax effects		
Gain (loss) on valuation of derivatives	₩ 18,485	₩ (9,803)	₩ (13,281)	₩ 5,369	₩ -	₩ 770
Remeasurements of net defined benefit liabilities	(13,013)	-	(2,906)	848	-	(15,071)
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	582	-	(2,005)	(5)	2,000	572
Gain on overseas operations translation	-	-	(17)	-	-	(17)
	<u>₩ 6,054</u>	<u>₩ (9,803)</u>	<u>₩ (18,209)</u>	<u>₩ 6,212</u>	<u>₩ 2,000</u>	<u>₩ (13,746)</u>

(In millions of Korean won)

	2023				
	Beginning balance	Changes			Ending balance
		Reclassification of profit or loss	Other	Tax effects	
Gain (loss) on valuation of derivatives	₩ 77,447	₩ (90,593)	₩ 92,279	₩ (43)	₩ 79,090
Remeasurements of net defined benefit liabilities	(4,885)	-	(5,923)	1,381	(9,427)
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	574	-	-	3	577
	<u>₩ 73,136</u>	<u>₩ (90,593)</u>	<u>₩ 86,356</u>	<u>₩ 1,341</u>	<u>₩ 70,240</u>

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20. REGULATORY RESERVE FOR CREDIT LOSSES:

Regulatory reserve for credit losses is calculated and disclosed in accordance with Article 11 of the Supervision regulations of Specialized Credit Financial Business.

Details of regulatory reserve for credit losses as of September 30, 2024 and December 31, 2023, are as follows:

<i>(In millions of Korean won)</i>	September 30, 2024	December 31, 2023
Beginning balance	₩ 856,219	₩ 1,131,719
Amount estimated to be appropriated (reversed)	4,115	(275,500)
Ending balance	₩ 860,334	₩ 856,219

Estimated provision of regulatory reserve for credit losses and adjusted profit after provision of regulatory reserve for credit losses for the nine-month periods ended September 30, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	2024	2023
Profit for the period	₩ 240,098	₩ 225,740
Provision (reversal) of regulatory reserve for credit losses	4,115	(265,723)
Adjusted profit after provision of regulatory reserve for credit losses	₩ 235,983	₩ 491,463
Earnings per share after provision of reserve for credit losses <i>(In Korean won)</i>	₩ 1,471	₩ 3,063

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21. CARD INCOME AND EXPENSE:

Details of card income and expense for the three-month and nine-month periods ended September 30, 2024 and 2023, are as follows:

(In millions of Korean won)	2024		2023	
	Three Months	Nine Months	Three Months	Nine Months
Card income:				
Agent commission ¹	₩ 395,049	₩ 1,193,518	₩ 398,059	₩ 1,185,569
Commission income from life service	17,716	49,243	15,269	45,787
Overseas commission income	36,001	100,602	47,257	82,708
Income from annual subscription	86,869	250,314	72,856	209,477
Others	41,358	123,336	35,417	103,164
Deduction from revenue ²	(145,727)	(436,443)	(145,658)	(446,055)
	<u>₩ 431,266</u>	<u>₩ 1,280,570</u>	<u>₩ 423,200</u>	<u>₩ 1,180,650</u>
Card expense:				
Acquisition fee	₩ 22,782	₩ 64,997	₩ 20,432	₩ 63,791
Promotion	61,343	180,487	58,735	194,425
Service fee ¹	198,276	589,569	187,103	554,426
Financial service fee	1,134	3,242	850	2,308
Credit sales handling expenses	52,627	156,345	51,387	145,543
Overseas payment fee	30,888	87,056	25,407	68,447
Card issuance expenses	10,105	36,950	11,538	35,580
Others	20,649	59,553	19,556	57,804
Deduction from expense ²	(145,727)	(436,443)	(145,658)	(446,055)
	<u>₩ 252,077</u>	<u>₩ 741,756</u>	<u>₩ 229,350</u>	<u>₩ 676,269</u>

¹ The point-giving transaction with card members is that the Group provided the card member with the customer option, and the Group determines that it controls the transaction as principal. If the Group determines that it arranges for the provision of the good or service to customers by credit card merchant, the effect on card income and card expense by net accounting for the three-month and nine-month periods ended September 30, 2024 and 2023, are as follows:

(In millions of Korean won)	2024		2023	
	Three Months	Nine Months	Three Months	Nine Months
Decrease in card income	₩ 113,893	₩ 333,614	₩ 100,181	₩ 302,797
Decrease in card expense	113,893	333,614	100,181	302,797

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² Deductible items in accordance with application of K-IFRS No.1115.

22. INTEREST INCOME AND EXPENSE:

Details of interest income and expense for the three-month and nine-month periods ended September 30, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024		2023	
	Three Months	Nine Months	Three Months	Nine Months
Interest income:				
Income from installment service	₩ 122,409	₩ 349,424	₩ 88,918	₩ 264,909
Income from short-term card loans	27,360	76,717	17,634	47,688
Income from long-term card loans (general card loans)	170,013	475,036	139,012	407,154
Income from long-term card loans (refinancing loans)	2,991	8,797	2,534	8,093
Revolving interest income	46,339	133,623	40,953	133,412
Loan receivable income	199	865	778	2,513
Other interest income	16,871	59,993	17,579	60,464
	<u>₩ 386,182</u>	<u>₩ 1,104,455</u>	<u>₩ 307,408</u>	<u>₩ 924,233</u>
Interest expense:				
Expense from borrowings	₩ 32,339	₩ 103,755	₩ 32,294	₩ 97,939
Expense from debentures	148,226	426,068	109,880	307,677
Expense from others	255	853	308	3,859
	<u>₩ 180,820</u>	<u>₩ 530,676</u>	<u>₩ 142,482</u>	<u>₩ 409,475</u>

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23. OTHER OPERATING INCOME AND EXPENSES:

Other operating income and expenses for the three-month and nine-month periods ended September 30, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024		2023	
	Three Months	Nine Months	Three Months	Nine Months
Other operating income:				
Gain on foreign currency transactions	₩ 11,963	₩ 35,236	₩ 10,595	₩ 35,269
Gain on foreign currency translations	37,280	37,280	(4,480)	-
Gain on derivative transactions	-	3,776	-	5,776
Gain on valuation of derivatives	(86,863)	47,075	38,288	92,662
Others	87,593	264,171	54,065	180,616
	<u>₩ 49,973</u>	<u>₩ 387,538</u>	<u>₩ 98,468</u>	<u>₩ 314,323</u>
Other operating expenses:				
Loss on foreign currency transactions	₩ 3,020	₩ 16,190	₩ 4,121	₩ 17,320
Loss on foreign currency translations	(81,199)	43,321	37,686	91,597
Loss on derivative transactions	29	56	-	6,780
Loss on valuation of derivatives	39,158	39,685	(4,480)	-
Others	22,417	60,295	14,793	46,551
	<u>₩ (16,575)</u>	<u>₩ 159,547</u>	<u>₩ 52,120</u>	<u>₩ 162,248</u>

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24. SELLING AND ADMINISTRATIVE EXPENSES:

Details of selling and administrative expenses for the three-month and nine-month periods ended September 30, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024		2023	
	Three Months	Nine Months	Three Months	Nine Months
Salaries	₩ 58,635	₩ 173,556	₩ 52,990	₩ 155,102
Post-employment benefits	3,767	22,290	3,171	9,225
Employee benefits	8,776	29,121	8,039	27,720
Travel expenses	601	2,008	558	1,398
Communication expenses	4,753	14,066	5,579	15,933
Postal expenses	2,669	7,955	2,593	8,340
Rental expenses	3,920	10,678	3,350	10,941
Taxes and dues	8,116	28,116	7,433	22,988
Repair and maintenance expenses	401	1,121	354	1,051
Insurance premiums	393	1,068	267	793
Entertainment expenses	171	454	190	686
Advertising expenses	20,992	54,593	16,652	66,326
Supply expenses	932	2,218	715	1,922
Vehicle maintenance expenses	6	19	9	22
Periodicals expenses	57	133	69	185
Publication expenses	659	1,823	326	1,726
Training expenses	643	1,707	326	976
IT expenses	16,561	50,604	14,585	45,769
Expense for temporary staff	4,963	14,614	4,899	14,712
Professional service expenses	34,389	90,331	34,059	98,458
Delivery commission	352	1,075	348	1,114
Commission expenses	9,918	31,614	9,820	29,882
Business activity expenses	111	344	92	297
Construction expenses	587	1,908	2,667	6,433
Depreciation	7,124	21,498	6,184	17,117
Amortization	9,108	27,625	8,817	26,253
Depreciation of right-of-use assets	3,160	10,077	3,151	14,177
Event expenses	394	964	228	485
Conference expenses	209	615	246	706
Building administrative expenses	3,876	10,752	3,834	10,474
	₩ 206,243	₩ 612,947	₩ 191,551	₩ 591,211

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25. NON-OPERATING INCOME AND EXPENSES:

Non-operating income and expenses for the three-month and nine-month periods ended September 30, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024		2023	
	Three Months	Nine Months	Three Months	Nine Months
Non-operating income:				
Gains on disposal of property and equipment and intangible assets	₩ -	₩ 11	₩ 868	₩ 880
Rental fee income	904	2,852	595	1,487
Gains on disposal of investments in associates	244	244	-	-
Miscellaneous profit	90	260	43	295
	<u>₩ 1,238</u>	<u>₩ 3,367</u>	<u>₩ 1,506</u>	<u>₩ 2,662</u>
Non-operating expenses:				
Loss on disposal of property and equipment and intangible assets	₩ -	₩ 711	₩ 914	₩ 920
Donation	3	3,141	38	800
Loss on equity method	242	650	193	469
Impairment loss on assets held for sale	-	3,410	-	-
	<u>₩ 245</u>	<u>₩ 7,912</u>	<u>₩ 1,145</u>	<u>₩ 2,189</u>

26. TAX EXPENSE:

Income tax expense for the nine-month periods ended September 30, 2024 and 2023, consists of the following:

(In millions of Korean won)

	2024	2023
Current tax on profits for the period (including additional payment of tax and income tax refund)	₩ 80,902	₩ 67,429
Changes in deferred tax assets by temporary differences	(25,392)	(2,134)
Income tax expense (revenue) reflected directly to equity	6,212	1,341
Income tax expense	<u>₩ 61,722</u>	<u>₩ 66,636</u>

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Income tax expenses reflected directly to equity for the nine-month periods ended September 30, 2024 and 2023, are as follows:

(In millions of Korean won)

	2024		
	Beginning balance	Increase (Decrease)	Ending balance
Tax effect related to cash flow hedges	₩ (5,614)	₩ 5,369	₩ (245)
Tax effect related to remeasurements of net defined benefit liabilities	3,951	848	4,799
Tax effect related to gain (loss) on valuation of financial assets at fair value through other comprehensive income	(177)	(5)	(182)
	<u>₩ (1,840)</u>	<u>₩ 6,212</u>	<u>₩ 4,372</u>

(In millions of Korean won)

	2023		
	Beginning balance	Increase (Decrease)	Ending balance
Tax effect related to cash flow hedges	₩ (24,895)	₩ (43)	₩ (24,938)
Tax effect related to remeasurements of net defined benefit liabilities	1,590	1,381	2,971
Tax effect related to gain (loss) on valuation of financial assets at fair value through other comprehensive income	(185)	3	(182)
	<u>₩ (23,490)</u>	<u>₩ 1,341</u>	<u>₩ (22,149)</u>

A reconciliation between profit before income tax and income tax expense for the nine-month periods ended September 30, 2024 and 2023, are as follows:

	2024	2023
Profit before income tax	₩ 301,820	₩ 292,375
Income tax based on statutory tax rate	71,909	69,416
Add (deduct):		
Others	(10,187)	(2,780)
Income tax expense for continuing operations	<u>₩ 61,722</u>	<u>₩ 66,636</u>
Effective tax rate	<u>20.45%</u>	<u>22.79%</u>

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27. CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS:

Details of cash and cash equivalents as of September 30, 2024 and December 31, 2023, are as follows:

<i>(In millions of Korean won)</i>	September 30, 2024	December 31, 2023
Current deposit	₩ 280	₩ 238
Ordinary deposit	272,111	542,924
Other cash and cash equivalents	977,991	506,085
	₩ 1,250,382	₩ 1,049,247

Cash generated from (used in) operations for the nine-month periods ended September 30, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>	2024	2023
Profit for the period	₩ 240,098	₩ 225,740
Adjustments:		
Income tax expense	61,722	66,636
Interest expense	530,676	409,475
Impairment loss	411,376	280,211
Loss on equity method accounting	650	469
Loss on valuation of financial assets at fair value through profit or loss	7,302	776
Postemployment benefits	9,015	7,581
Other long-term employee benefits	993	1,832
Depreciation	21,498	17,117
Amortization	27,625	26,253
Depreciation of right-of-use assets	10,077	14,177
Loss on foreign currency translations	43,321	91,597
Loss on derivatives instruments	39,685	6,780
Loss on disposal of property and equipment and intangible assets	711	920
Non-interest-bearing installment	3,105	10,831
Additional (reversal) of provisions	8,976	26,247
Interest income	(1,060,730)	(848,781)
Dividend income	(20)	(20)
Gain on valuation of financial assets at fair value through profit or loss	(2,811)	(13,011)
Gain on disposal of financial assets at fair value through profit or loss	(3,713)	(5,172)
Gain on foreign currency translation	(37,280)	-

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<i>(In millions of Korean won)</i>	2024	2023
Gain on derivatives instruments	(50,851)	(98,438)
Amortization of present value of discounts of card assets	(10,395)	(46,892)
Amortization of deferred origination cost and fee of card assets	(33,330)	(28,560)
Gains on disposal of property and equipment and intangible assets	(11)	(880)
Impairment loss on assets held for sale	3,410	-
Gains on disposal of investments in associates	(244)	-
Other	4,672	(2,798)
	<u>(14,571)</u>	<u>(83,650)</u>
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets at fair value through profit or loss	6,768	(105,035)
Decrease (increase) in card assets	(1,464,785)	875,201
Decrease (increase) in loan receivables	9,521	1,625
Increase in other receivables	(42,672)	(32,259)
Decrease (increase) in other assets	(316,978)	127,812
Increase in other payables	39,271	428,351
Increase (Decrease) in withholdings	178,002	(8,841)
Decrease in accrued expenses	2,448	(16,818)
Increase in other liabilities	51,027	32,137
	<u>(1,537,398)</u>	<u>1,302,173</u>
Cash generated from (used in) operations	<u>₩ (1,311,871)</u>	<u>₩ 1,444,263</u>

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28. CONTINGENCIES AND COMMITMENTS:

(a) Significant commitments

The Group made an intraday bank overdraft agreement of ₩150 billion with Kookmin Bank and 4 other institutions, and the Group made an agreement of ₩1,717.2 billion with Kookmin Bank and 19 other institutions for general loans and credit line as of September 30, 2024. In addition, for the Credit Line agreement, the Yeouido Building 1 owned by the Group is provided as collateral to Woori Bank, and the mortgage amount is ₩180 billion.

(b) Pending litigations

As of September 30, 2024, the Group is involved in 27 cases (₩2,389 million) as a defendant, 63 cases (₩62,263 million) as a plaintiff and cases for debt collection against multiple debtors in the important pending litigations. The Group does not anticipate that these pending litigations referred above will have a significant effect on its consolidated interim financial statements.

(c) Reserve for loss reimbursement

The Group has reserved of ₩1 billion for electronic financial transactions in case fraudulent credit card activities or accidents occurred in accordance with the Electronic Financial Transactions Act.

(d) Insurance for the implementation of the liability for damages

The Group has insured ₩10 billion for the implementation of the liability for damages in accordance with the Article 43 of the Credit Information Act.

(e) Commitment associated with asset-backed securitization

The Group continuously transfers receivables to maintain that the balance of the asset-backed securitization is above a certain level of trust beneficiary certificates relating to the asset-backed securitization. According to the agreement on the Group's asset-backed securitization, in order to enhance the credit level of the asset-backed securities, several provisions are in place as trigger clauses to be used for early redemption calls, thereby limiting the risk that the investors are exposed to, resulting from a change in quality of the assets in the future. In the event that the asset-backed securitization of the Group is in violation of the applicable trigger clause, the Group is obliged to make early redemption for the asset-backed securities. Meanwhile, when an event of default occurs from derivative contracts regarding asset-backed securities issued by Super Series 12th SPC, Super Series 14th SPC, Super Series 15th SPC and Super Series 16th SPC, the Group may be liable for reimbursement of losses incurred on counterparties.

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(f) Agreement relating to borrowing

As of September 30, 2024, the Group has entered into agreements including trigger clause with its creditors for the purpose of credit enhancement of certain borrowings. If the Group breaches its trigger clause, the Group may be subject to early repayment or suspension/termination of contracts with the creditors.

29. RELATED-PARTY TRANSACTIONS:

Details of the related parties as of September 30, 2024, are as follows:

	Companies
Parent company	Hyundai Motor Company
Associates	Modern Lion
Entities with significant influence over the company.	Hyundai Commercial Inc.; Taipei Fubon Commercial Bank Co., Ltd.; Fubon Life Insurance Co., Ltd.
Other related parties and affiliates of group of large-scale enterprises ¹	Subsidiaries and associates of Hyundai Motor Company, etc.

¹ The affiliates of group of large-scale enterprises designated by the Fair Trade Commission was determined to be a related party based on the substantive relationship stipulated in paragraph 10 of K-IFRS No. 1024.

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Sales and purchases with related parties for the nine-month periods ended September 30, 2024 and 2023, are as follows:

(In millions of Korean won)	2024							
	Income			Expenses			Others	
	Card income	Rental income	Others	Card expense	Selling and administrative expenses	Others ¹	Purchase of property, equipment, intangible assets and others	Equity Sale
Parent company								
Hyundai Motor Company	₩ 147,073	₩ -	₩ 747	₩ 1,199	₩ 617	₩ 831	₩ -	-
Other related parties								
Hyundai Capital	-	318	60	29,090	6,136	594	1,927	-
Kia Corporation	49,728	-	606	326	-	83	-	-
Hyundai AutoEver	2,116	-	541	-	36,017	535	24,675	-
Hyundai Engineering	6	-	2	167	6,373	-	-	-
Hyundai Steel	2	-	1	133	-	-	-	-
Others	3,020	446	7,811	1,938	5,227	2,569	811	300
	₩ 201,945	₩ 764	₩ 9,768	₩ 32,853	₩ 54,370	₩ 4,612	₩ 27,413	₩ 300

¹ Reversal of provision for impairment on card assets due from related party amounting to ₩10 million is included.

(In millions of Korean won)	2023							
	Income			Expenses			Others	
	Card income	Rental income	Others	Card expense	Selling and administrative expenses	Others ¹	Purchase of property, equipment, intangible assets and others	
Parent company								
Hyundai Motor Company	₩ 138,325	₩ -	₩ 414	₩ -	₩ 20	₩ 580	₩ -	19
Other related parties								
Hyundai Capital	-	371	702	31,415	2,865	754	-	1,860
Kia Corporation	59,034	-	489	-	-	91	-	-
Hyundai AutoEver	2,010	-	1,359	-	35,495	572	-	14,368
Hyundai Engineering	6	-	-	-	8,407	-	-	-
Hyundai Steel	2	-	2	-	-	-	-	-
Others	1,818	185	4,219	420	6,491	2,117	-	19,845
	₩ 201,195	₩ 556	₩ 7,185	₩ 31,835	₩ 53,278	₩ 4,114	₩ -	₩ 36,092

¹ Additional of provision for impairment on card assets due from related party amounting to ₩97 million is included.

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Outstanding balances arising from sales/purchases of goods and services as of September 30, 2024 and December 31, 2023, are as follows:

(In millions of Korean won)	September 30, 2024							
	Receivables				Payables			Unused credit limit ²
	Card assets ¹	Provision for impairment	Others		Other payables	Others ³		
Parent company								
Hyundai Motor Company	₩ 60,849	₩ (40)	₩ 10	₩ 76,215	₩ 1	₩ 239,151		
Other related parties								
Hyundai Capital	109,366	(80)	1,607	2,420	840	160,122		
Kia Corporation	16,064	(11)	-	20,424	-	53,936		
Hyundai AutoEver	5,808	(4)	-	3,679	14,778	40,192		
Hyundai Engineering	5,182	(3)	-	2	-	14,818		
Hyundai Steel	6,507	(4)	-	9,517	-	23,493		
Others	65,505	(171)	3,341	4,619	802	191,858		
	<u>₩ 269,281</u>	<u>₩ (313)</u>	<u>₩ 4,958</u>	<u>₩ 116,876</u>	<u>₩ 16,421</u>	<u>₩ 723,570</u>		

¹ Unsettled amount of the corporate purchasing card amounting to ₩29,976 million is included and the amounts used and redeemed for the nine-month period ended September 30, 2024, are ₩754,913 million and ₩776,725 million, respectively.

² Unused credit limit of the corporate purchasing card is included.

³ As of September 30, 2024, the repayment amount of lease liabilities under lease contract with related parties is ₩5,536 million.

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(In millions of
Korean won)

(In millions of Korean won)		December 31, 2023											
		Receivables					Payables						
		Card assets ¹	Provision for impairment		Others	Other payables	Others ³		Unused credit limit ²				
Parent company													
Hyundai Motor Company		₩	62,232	₩	(41)	₩	10	₩	73,291	₩	5	₩	237,602
Other related parties													
Hyundai Capital			114,193		(84)		1,684		3,197		2,625		152,862
Kia Corporation			26,556		(18)		-		20,884		-		43,444
Hyundai AutoEver			6,599		(4)		-		15,423		21,335		39,401
Hyundai Engineering			7,730		(5)		-		3		-		12,270
Hyundai Steel			7,345		(5)		-		9,068		-		22,655
Others			60,063		(166)		1,343		2,906		386		173,188
		₩	284,718	₩	(323)	₩	3,037	₩	124,772	₩	24,351	₩	681,422

¹ Unsettled amount of the corporate purchasing card amounting to ₩51,789 million is included, and the amounts used and redeemed for the year ended December 31, 2023, are ₩770,796 million and ₩793,339 million, respectively.

² Unused credit limit of the corporate purchasing card is included.

³ For the year ended December 31, 2023, the repayment amount of lease liabilities under lease contract with related parties is ₩6,679 million.

Compensation for key management for the nine-month periods ended September 30, 2024 and 2023, are as follows:

(In millions of Korean won)	2024	2023
Short-term employee benefits	₩ 14,138	₩ 14,065
Postemployment benefits	2,180	1,493
Other long-term benefits	15	16
	₩ 16,333	₩ 15,574

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The fund transactions with related parties included in card assets for the nine-month periods ended September 30, 2024 and 2023, are as follows:

<i>(In millions of Korean won)</i>		December 31, 2023		Net increase (decrease)¹		September 30, 2024
Parent company						
Hyundai Motor Company	₩	62,232	₩	(1,383)	₩	60,849
Other related parties						
Hyundai Capital		114,193		(4,827)		109,366
Kia Corporation		26,556		(10,492)		16,064
Hyundai AutoEver		6,599		(791)		5,808
Hyundai Engineering		7,730		(2,548)		5,182
Hyundai Steel		7,345		(838)		6,507
Others		60,063		5,442		65,505
	₩	284,718	₩	(15,437)	₩	269,281

¹ The card asset-related fund transaction is stated as net change in consideration of the business activities with high turnover, large amounts and short maturity.

<i>(In millions of Korean won)</i>		December 31, 2022		Net increase (decrease)¹		September 30, 2023
Parent company						
Hyundai Motor Company	₩	72,686	₩	17,844	₩	90,530
Other related parties						
Hyundai Capital		128,947		(21,178)		107,769
Kia Corporation		23,485		(2,508)		20,977
Hyundai AutoEver		9,590		(3,203)		6,387
Hyundai Engineering		4,766		(129)		